

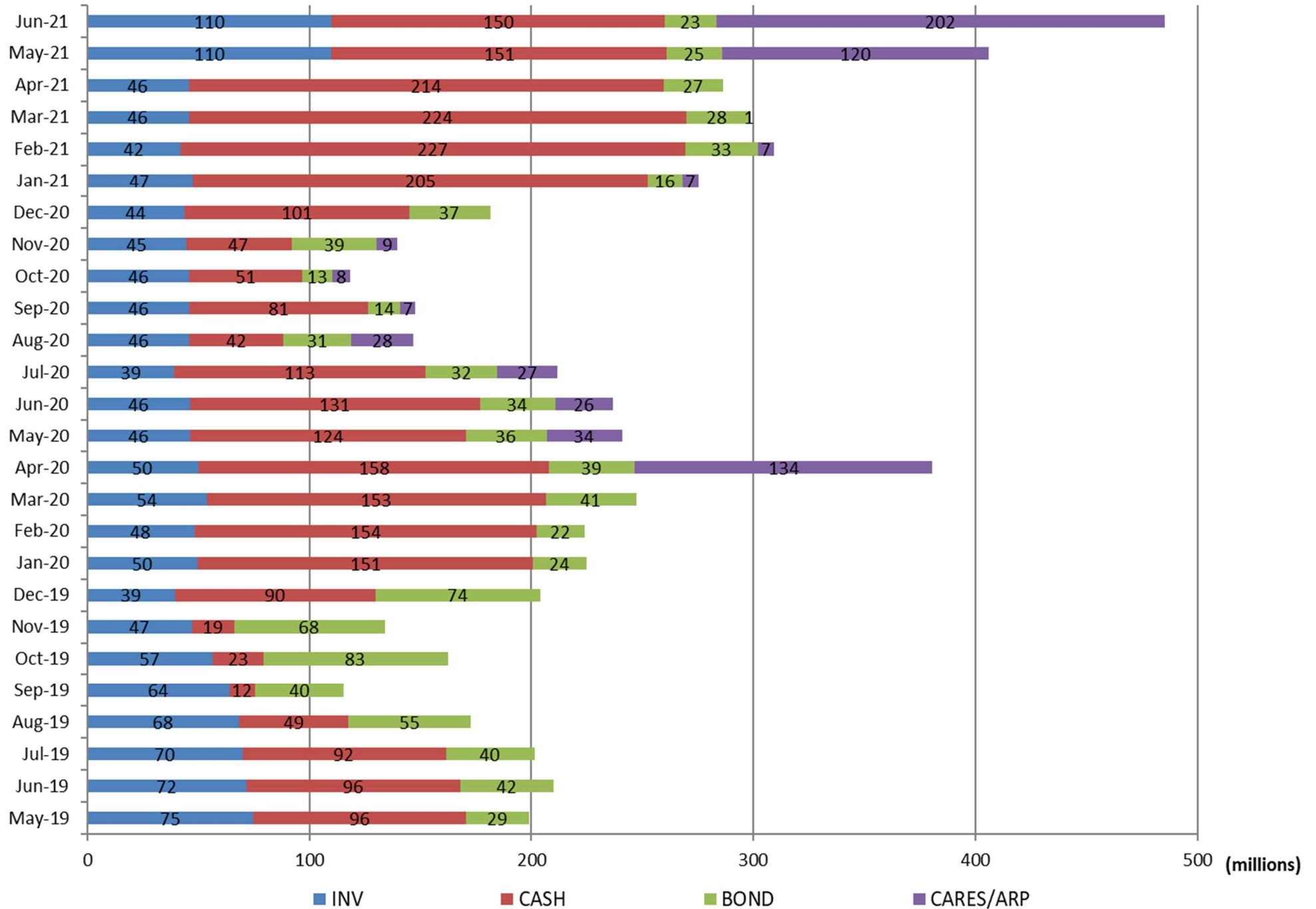
# Louisville Metro Investment Council



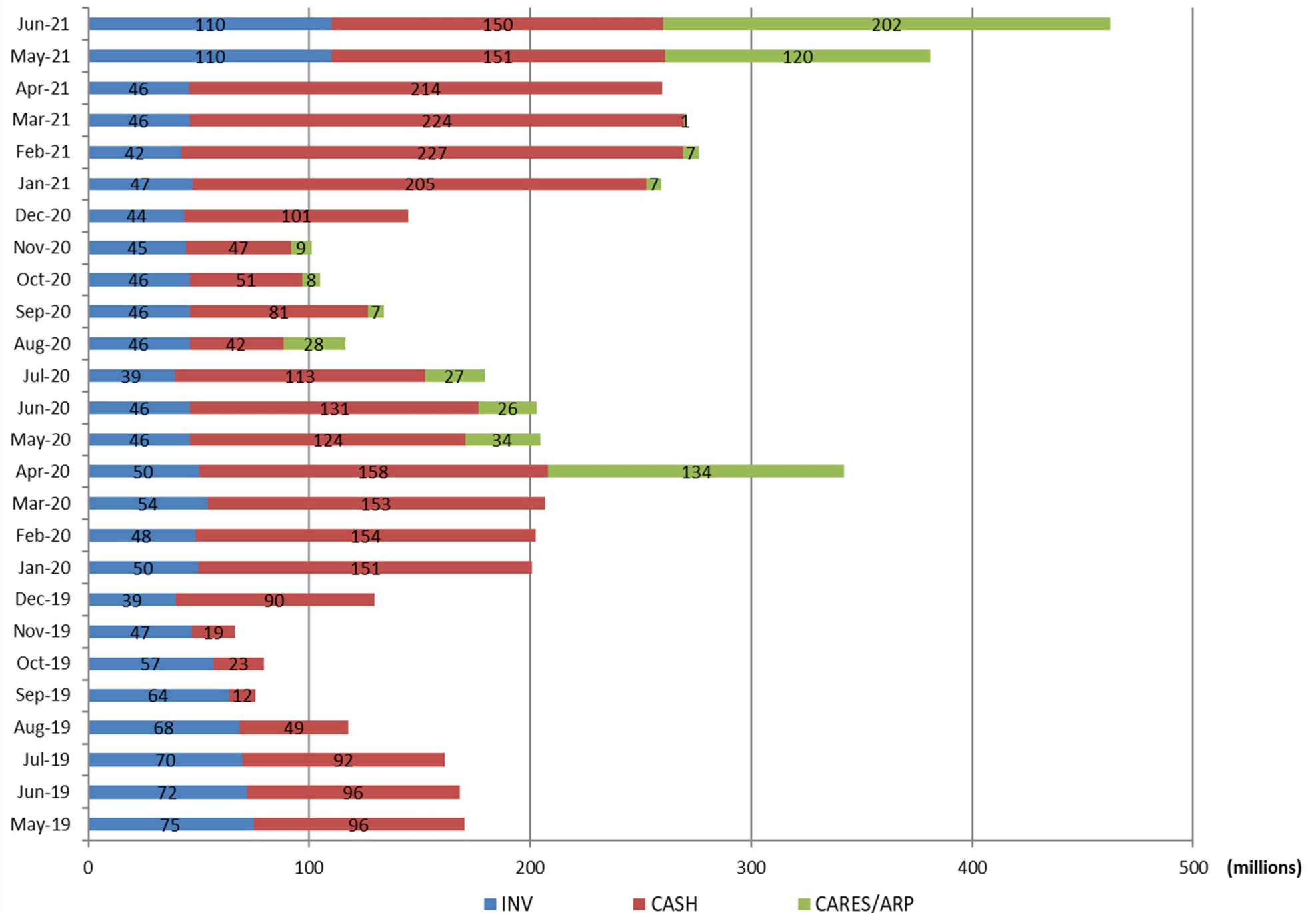
July 14, 2021

# **PORTFOLIO COMPOSITION**

## Metro Total Cash Position as of 6/30/21



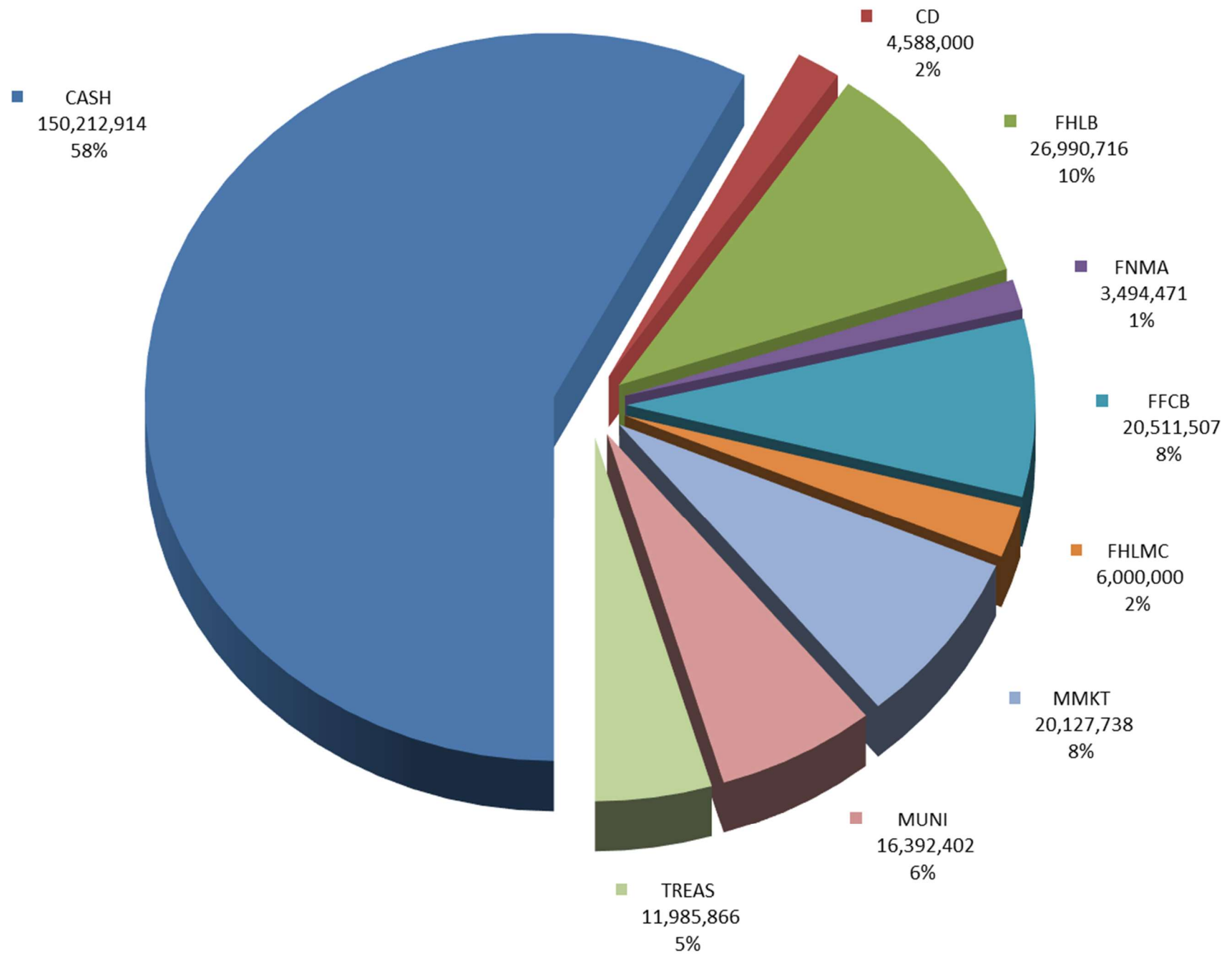
# Metro Cash Position (Excluding Bond Proceeds) as of 6/30/21



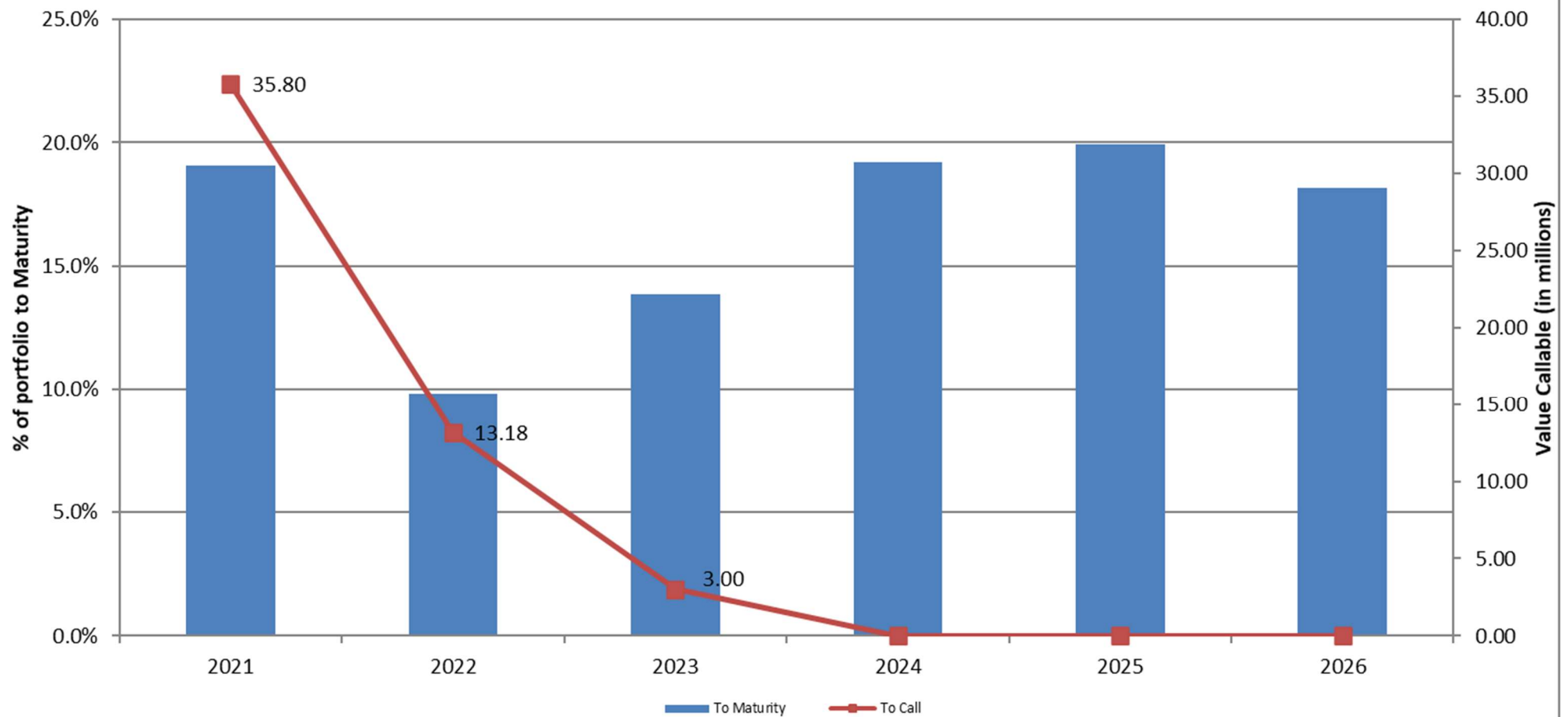
**Acc Int / Amort / Mkt Val**  
**Lou / Jeff Cty Metro Finance**  
 Effective Interest - Callable Life  
 Receipts in Period  
 6/30/2021

	Invest Number	CUSIP	Security Description	Call Date	Purchase Date	Ending Par Val/Shares	Ending Amor Val/Cost	Ending Market Val	Amortization Purch/Date	PTD Purch Received	Int/Div Rec Purch/Date	Int/Div Accrued Purch/Date	Purch Int + Acc Int
Cash	AR-0046	METRO CONC 53-714868609	Cash Account	Open	09/22/08	144,298,834.66	144,298,834.66	144,298,834.66	0.00	0.00	2,851,277.24	1,795,725.00	1,795,725.00
	AR-0062	METRO S3 SAFE - 14140006590863	Cash Account	Open	01/27/21	5,914,079.60	5,914,079.60	5,914,079.60	0.00	0.00	22.78	0.00	0.00
	<b>Cash Total</b>					<b>150,212,914.26</b>	<b>150,212,914.26</b>	<b>150,212,914.26</b>	<b>0.00</b>	<b>0.00</b>	<b>2,851,300.02</b>	<b>1,795,725.00</b>	<b>1,795,725.00</b>
Certificate of Deposit	18-0058	211163GW4	CONT BANK UTAH 2.10 07/26/21	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	15,764.39	2,275.00	2,275.00
	18-0059	55266CYB6	MB FINL BK LL 2.35 01/26/22	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	20,071.57	65.28	65.28
	18-0060	58404DBA8	MEDALLION BK UTAH 2.40 01/26/22	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	20,498.63	66.67	66.67
	18-0062	27113PCG4	EAST BOSTON SVGS 2.30 07/30/21	Open	01/30/18	250,000.00	250,000.00	250,000.00	0.00	0.00	17,265.75	2,427.78	2,427.78
	18-0065	501798LQ3	LCA BANK CORPORATION 2.60 02/28/22	Open	02/28/18	246,000.00	246,000.00	246,000.00	0.00	0.00	19,205.51	2,185.30	2,185.30
	18-0067	856285JS1	ST BK IND NYC 3.00 03/06/23	Open	03/06/18	246,000.00	246,000.00	246,000.00	0.00	0.00	22,160.22	2,398.50	2,398.50
	18-0070	75272LAD8	RANDOLPH SAVINGS BANK 2.60 03/09/22	Open	03/09/18	246,000.00	246,000.00	246,000.00	0.00	0.00	19,205.52	2,025.40	2,025.40
	19-0021	38148P5B9	GOLDMAN SACHS NYC 3.10 02/13/24	Open	02/14/19	250,000.00	250,000.00	250,000.00	0.00	21.23	15,521.23	2,930.14	2,951.37
	19-0022	61690UEH9	MORGAN STANLEY, SALT LK CITY 3.05 02/14/24	Open	02/14/19	250,000.00	250,000.00	250,000.00	0.00	0.00	15,270.89	2,861.99	2,861.99
	19-0023	949763XQ4	WELLS FARGO SIOUX FALLS 3.10 02/13/24	Open	02/14/19	250,000.00	250,000.00	250,000.00	0.00	20.50	18,069.22	365.97	387.20
	19-0025	06426KBA5	BANK OF NEW ENGLAND SALEM 2.85 02/15/24	Open	02/15/19	250,000.00	250,000.00	250,000.00	0.00	0.00	16,611.99	292.81	292.81
	19-0026	17312Q2V0	CTIBANK SIOUX FALLS 3.00 02/15/24	Open	02/15/19	250,000.00	250,000.00	250,000.00	0.00	0.00	15,020.55	2,794.52	2,794.52
	19-0029	87270LBUE	TIAA FSB JACKSONVILLE 3.00 02/22/24	Open	02/22/19	250,000.00	250,000.00	250,000.00	0.00	0.00	15,020.55	2,650.68	2,650.68
	21-0017	CD1499	YCB 0.149 07/23/21	Open	08/23/20	250,000.00	250,000.00	250,000.00	0.00	0.00	207.96	7.24	7.24
	21-0018	2000772	LIBERTY BANK 0.31 10/07/21	Open	10/07/20	100,000.00	100,000.00	100,000.00	0.00	0.00	139.83	19.81	19.81
	21-0036	33852	LIBERTY BANK 0.21 05/07/22	Open	05/07/21	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	552.05	134.17	134.17
	<b>Certificate of Deposit Total</b>					<b>4,588,000.00</b>	<b>4,588,000.00</b>	<b>4,588,000.00</b>	<b>0.00</b>	<b>41.73</b>	<b>230,585.86</b>	<b>23,501.26</b>	<b>23,543.72</b>
FFCB	19-0014	3133EJP60	FFCB 3.00 05/02/23	Open	01/29/19	2,000,000.00	2,011,678.50	2,101,100.00	-14,521.50	14,500.00	150,000.00	9,833.33	24,333.33
	21-0001	3133EL3H5	FFCB 0.57 08/12/25	Open	08/12/21	1,500,000.00	1,499,828.88	1,474,035.00	1,328.88	0.00	4,275.00	3,301.25	3,301.25
	21-0002	3133EL3R3	FFCB 0.44 08/12/24	Open	02/12/21	2,000,000.00	2,000,000.00	1,986,280.00	0.00	0.00	4,400.00	3,397.78	3,397.78
	21-0026	3133EMLE0	FFCB 0.19 09/22/23	Open	06/22/21	1,000,000.00	1,000,000.00	997,640.00	0.00	290.28	475.00	522.50	628.06
	21-0027	3133EMLT7	FFCB 0.21 12/28/23	Open	01/28/21	1,000,000.00	1,000,000.00	994,990.00	0.00	81.67	1,050.00	17.50	99.17
	21-0030	3133EMSE3	FFCB 0.11 03/01/23	Open	09/01/21	2,000,000.00	2,000,000.00	1,995,500.00	0.00	0.00	0.00	733.33	733.33
	21-0031	3133EMSC7	FFCB 0.48 03/03/25	Open	03/03/22	2,000,000.00	2,000,000.00	1,988,460.00	0.00	0.00	0.00	3,146.67	3,146.67
	21-0043	3133EMZS4	FFCB 0.90 05/18/26	Open	05/18/23	3,000,000.00	3,000,000.00	2,995,320.00	0.00	0.00	0.00	3,225.00	3,225.00
	21-0044	3133EMZ28	FFCB 0.09 11/18/22	Open	11/18/21	3,000,000.00	3,000,000.00	2,995,830.00	0.00	0.00	0.00	322.50	322.50
	21-0049	3133EMZT2	FFCB 0.68 05/19/25	Open	05/19/22	3,000,000.00	3,000,000.00	2,990,940.00	0.00	0.00	0.00	2,380.00	2,380.00
	<b>FFCB Total</b>					<b>20,500,000.00</b>	<b>20,511,507.38</b>	<b>20,520,095.00</b>	<b>-13,192.62</b>	<b>14,871.95</b>	<b>160,200.00</b>	<b>26,879.86</b>	<b>41,567.09</b>
FHLB	19-0006	3130AFE78	FHLB 3.00 12/09/22	Open	01/29/19	2,000,000.00	2,009,628.49	2,080,720.00	-15,371.51	9,861.11	155,500.00	3,666.67	17,500.00
	21-0028	3130AKU61	FHLB 3.00 01/27/26	Open	07/27/21	2,000,000.00	2,000,000.00	1,991,780.00	0.00	0.00	0.00	53,900.00	53,900.00
	21-0029	3130AKQ33	FHLB 0.50 10/28/25	Open	01/28/22	2,000,000.00	2,000,000.00	1,974,260.00	0.00	0.00	0.00	4,250.00	4,250.00
	21-0034	3130ALGY4	FHLB 0.50 03/16/26	Open	06/16/21	2,000,000.00	2,000,000.00	1,991,320.00	0.00	0.00	0.00	2,916.67	2,916.67
	21-0037	3130AL4U5	FHLB 0.25 02/25/26	Open	02/25/22	2,700,000.00	2,681,617.07	2,674,377.00	3,757.07	0.00	0.00	900.00	2,362.50
	21-0041	3130AMFR8	FHLB 0.625 06/13/25	Open	05/17/21	1,000,000.00	999,835.63	997,720.00	5.63	0.00	0.00	763.89	937.50
	21-0042	3133EMZP0	FHLB 0.14 05/18/23	Open	08/18/21	2,000,000.00	1,999,634.44	1,995,460.00	334.44	0.00	0.00	334.44	334.44
	21-0050	3130AMJN3	FHLB 1.03 05/26/26	Open	11/26/21	2,000,000.00	2,000,000.00	2,000,740.00	0.00	0.00	0.00	2,002.78	2,002.78
	21-0051	3130AMK92	FHLB 0.55 11/26/24	Open	11/26/21	2,000,000.00	2,000,000.00	1,990,240.00	0.00	0.00	0.00	1,069.44	1,069.44
	21-0052	3130AMKQ7	FHLB 0.875 11/26/25	Open	08/26/21	2,000,000.00	2,000,000.00	1,989,940.00	0.00	0.00	0.00	3,402.78	3,402.78
	21-0053	3130AMH88	FHLB 0.625 02/27/25	Open	08/27/21	2,000,000.00	2,000,000.00	1,997,740.00	0.00	0.00	0.00	2,361.11	2,361.11
	21-0054	3130AMJK9	FHLB 1.00 02/27/26	Open	08/27/21	2,300,000.00	2,300,000.00	2,300,575.00	0.00	0.00	0.00	4,344.44	4,344.44
	21-0055	3130AMJP8	FHLB 0.50 08/27/24	Open	08/27/21	3,000,000.00	3,000,000.00	2,996,100.00	0.00	0.00	0.00	2,833.33	2,833.33
	<b>FHLB Total</b>					<b>27,000,000.00</b>	<b>26,990,715.63</b>	<b>26,980,972.00</b>	<b>-11,274.37</b>	<b>9,861.11</b>	<b>155,500.00</b>	<b>82,745.55</b>	<b>98,214.99</b>
FHLMC	21-0007	3134GWQ9N	FHLMC 0.625 08/19/25	Open	02/19/21	2,000,000.00	1,988,600.00	1,988,600.00	0.00	0.00	6,250.00	4,583.33	4,583.33
	21-0013	3134GWN7G	FHLMC 0.50 11/27/24	Open	08/27/21	2,000,000.00	1,998,600.00	1,998,600.00	0.00	0.00	5,000.00	3,444.44	3,444.44
	21-0015	3134GWP4	FHLMC 0.375 11/28/23	Open	05/25/21	2,000,000.00	2,000,000.00	1,994,020.00	0.00	0.00	5,625.00	687.50	687.50
	<b>FHLMC Total</b>					<b>6,000,000.00</b>	<b>6,000,000.00</b>	<b>5,981,220.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16,875.00</b>	<b>8,715.27</b>	<b>8,715.27</b>
FNMA	21-0005	3136G4K85	FNMA 0.50 08/18/25	Open	08/18/22	1,500,000.00	1,500,000.00	1,485,870.00	0.00	0.00	3,750.00	2,770.83	2,770.83
	21-0011	3136G4M91	FNMA 0.375 08/26/24	Open	08/26/22	1,000,000.00	1,000,000.00	998,210.00	0.00	0.00	1,875.00	1,302.08	1,302.08
	21-0038	3136G4D75	FNMA 0.60 07/29/25	Open	07/29/22	1,000,000.00	994,470.93	985,470.00	680.93	0.00	0.00	800.00	2,533.33
	<b>FNMA Total</b>					<b>3,500,000.00</b>	<b>3,494,470.93</b>	<b>3,469,550.00</b>	<b>680.93</b>	<b>0.00</b>	<b>5,625.00</b>	<b>4,872.91</b>	<b>6,606.24</b>
Money Market	AR-0001	MMKT FED - 5000638	Money Market	Open	07/01/99	166.37	166.37	166.37	0.00	0.00	1,652,560.71	0.02	0.02
	AR-0058	JPMORGAN MMKT - 00005017334	Money Market	Open	12/19/17	24,129.45	24,129.45	24,129.45	0.00	0.00	24,129.39	0.00	0.00
	AR-0059	GOLDMAN SACHS MMKT - 0188506760	Money Market	Open	12/19/17	20,040,846.21	20,040,846.21	20,040,846.21	0.00	0.00	40,846.18	0.00	0.00
	AR-0060	FEDERATED MMKT - 06090498885	Money Market	Open	12/19/17	24,252.34	24,252.34	24,252.34	0.00	0.00	24,252.33	0.00	0.00
	AR-0061	DREYFUS MMKT - 0616753258	Money Market	Open	12/19/17	38,343.16	38,343.16	38,343.16	0.00	0.00	38,343.14	0.00	0.00
	<b>Money Market Total</b>					<b>20,127,737.53</b>	<b>20,127,737.53</b>	<b>20,127,737.53</b>	<b>0.00</b>	<b>0.00</b>	<b>1,780,162.36</b>	<b>0.02</b>	<b>0.02</b>
Municipal Bond	17-0051	696624AV7	CA PDTDEV 2.75 10/01/22	Open	02/06/17	1,000,000.00	999,389.85	1,027,110.00	2,009.85	3,235.92	14,659.72	6,875.00	7,333.33
	18-0071	64966MWH8	NYC GO 2.80 03/01/22	Open	03/13/18	2,500,000.00	2,501,926.99	2,543,975.00	-9,048.01	0.00	211,375.00	23,333.33	23,333.33
	20-0012	116421D47	BROWNSVILLE TX 3.041 08/15/24	Open	08/15/23	500,000.00	514,064.52	528,135.00	-9,185.48	6,842.25	22,807.50	5,744.11	12,586.36
	20-0013	20772KFJ3	CONNECTICUT ST 0.00 03/15/25	Open	01/27/20	1,000,000.00	932,318.28	969,780.00	24,838.28	0.00	0.00	0.00	0.00
	20-0014	914072J38	ARKANSAS FAYETTEVILL 2.043 09/15/22	Open	01/27/20	295,000.00	296,200.76	301,599.15	-1,389.34	2,209.85	9,040.28	1,774.57	3,984.42
	20-0024	312782AF2	FAYETTEVILLE NC 3.515 06/01/24	Open	02/27/20	200,000.00	210,869.39	212,512.00	-4,840.61	1,679.39	10,545.00	585.83	2,265.22
	20-0026	745401EB1	PULASKI CNTY AR 2.15 02/01/24	Open	03/02/20	750,000.00	762,305.13	768,712.50	-6,152.37	1,388.54	16,125.00	6,718.75	8,107.29
	20-0027	49130NDV8	KENTUCKY EDU 3.76 06/01/24	Open	03/03/20	2,000,000.00	2,122,606.19	2,147,400.00	-53				

## Total Portfolio Asset Allocation as of 6/30/2021



## Investment Portfolio Distribution as of 6/30/21

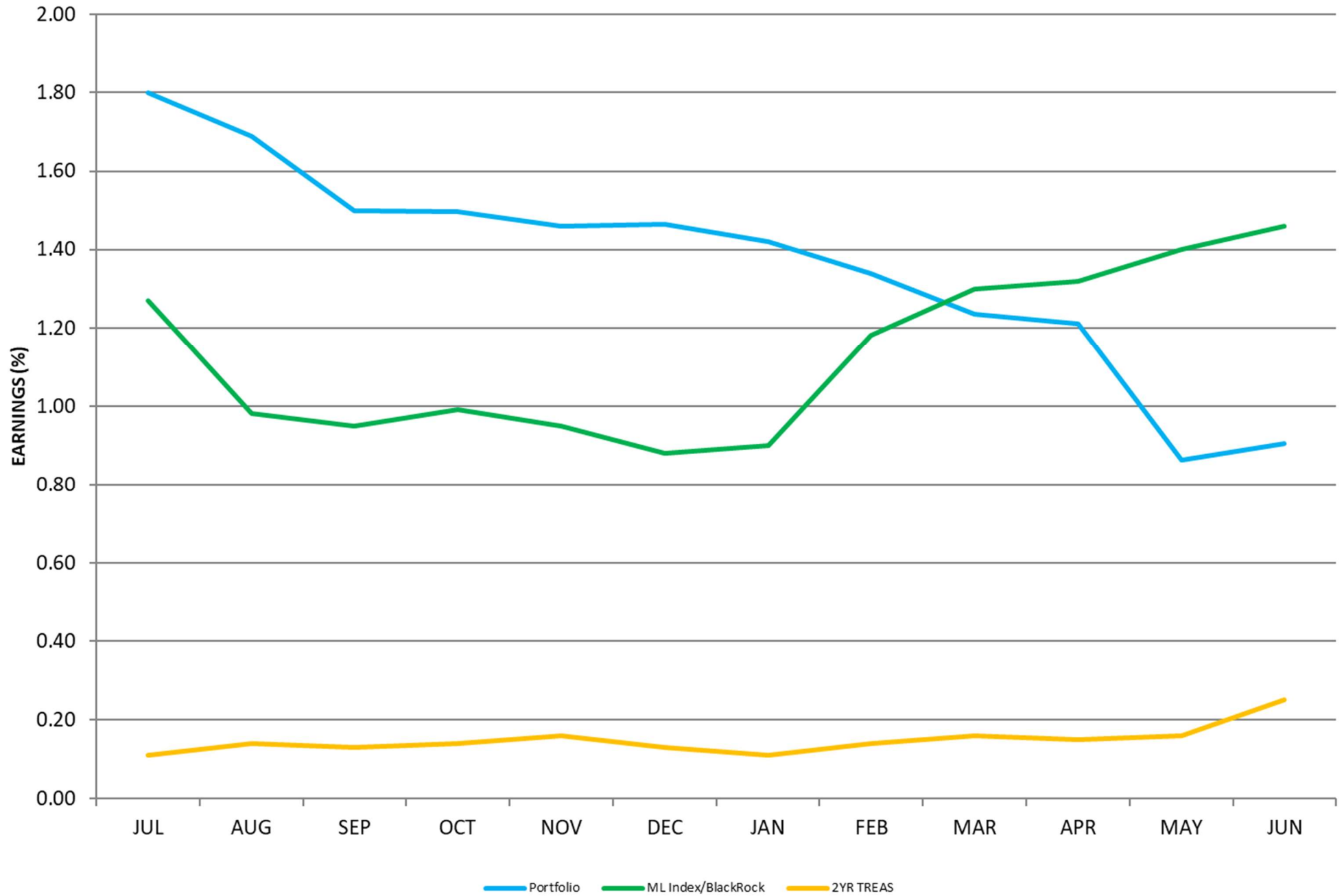


	2021	2022	2023	2024	2025	2026	\$ TOTAL
CD	850,000	1,992,000	246,000	1,500,000	0	0	4,588,000
AGENCY	0	2,009,628	2,011,679	0	999,836	0	5,021,143
AGENCY - CALLABLE	0	3,000,000	7,999,634	10,000,000	16,994,300	13,981,617	51,975,551
MMKT	20,127,738	0	0	0	0	0	20,127,738
MUNI	0	3,797,518	0	5,653,715	3,938,876	3,002,295	16,392,402
TREAS	0	0	4,998,716	3,993,099	0	2,994,051	11,985,866
<b>\$ TOTAL</b>	<b>20,979,759</b>	<b>10,801,168</b>	<b>15,258,052</b>	<b>21,148,837</b>	<b>21,935,036</b>	<b>19,979,989</b>	<b>110,090,700</b>

# **PORTFOLIO PERFORMANCE**



## Portfolio Performance as of 6/30/21



## DATA ANALYSIS

### **Metro Cash Position**

While cash levels overall increased month-to-month for Metro, cash for operations remained the same. There was a slight reduction in bond proceeds cash and investment remained unchanged. The difference was the second portion of ARP funds that were received in June. To date, we have received \$202 million in ARP funding with more expected in the coming years. Similar to CARES funding these funds will be spent down at a considerable pace as the programs for disbursement are created. For now, Metro remains in good financial standing.

### **Asset Allocation**

There is activity to report for May 2021:

#### **Purchases:**

MI-MUNI 05/01/26	\$1,000,000.00	0.98%
OK-MUNI 06/01/25	\$1,000,000.00	0.65%

#### **Maturities/Calls:**

AR-MUNI 06/01/21	\$832,000.00	MATURED	1.82%
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### **Maturity Distribution**

There is no significant change to report regarding portfolio distribution.

### **Portfolio Performance**

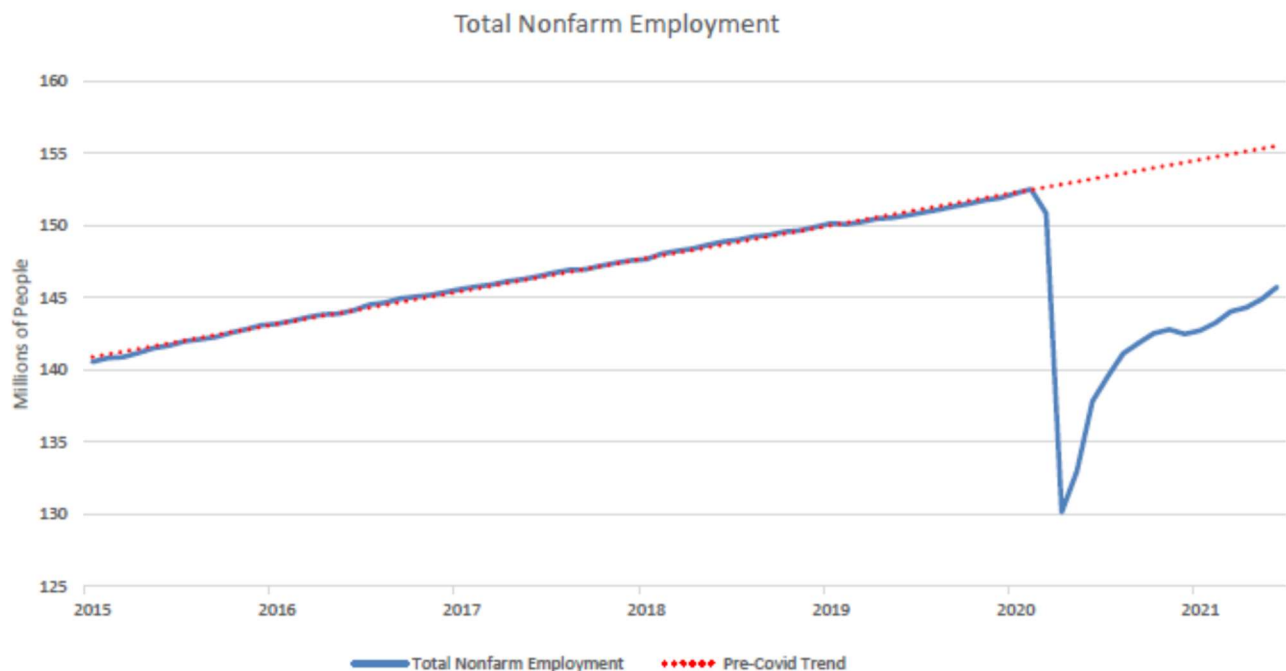
Portfolio yield rebounded slightly for June. Looking at the activity above you can see that we had significant yield on the maturity and the yield on the purchased muni's is higher than agency yields seen from the previous month's purchases. This should help but it's not likely that we see any future upticks but rather a leveling off the downward slope we've seen over the past year.

# **ECONOMIC UPDATE**

## ECONOMIC UPDATE

As we look back on the past 18 months there is a stark contrast in terms of where we were and the direction we are headed now. We are definitely in a better position today as lockdowns have been lifted and widespread vaccine availability has come to fruition. However, the pandemic has brought lingering economic effects in addition to the obvious health concerns. One of the key characterizations of the COVID-19 recession was that of a sharp contraction in employment. Individuals were thrown into furlough or unemployment, and in some cases these individuals left the labor force entirely. Understanding the labor market is key to evaluating recovery efforts and we should start to question if a full recovery is something that we should even expect.

When looking at labor market indicators, there are encouraging numbers. The unemployment rate is now down to 5.9%. This is very promising when you consider it was near 15% just over a year ago in early 2020 when the pandemic reached the United States. That's a much quicker rate of recovery than what we saw during the Great Recession. Despite this sharp decline in the unemployment rate, the chart below shows that we're still about 10 million jobs short of pre-pandemic levels.



There are several factors that could be impacting the labor supply. There is some loss from those who have simply left the labor market entirely as a COVID pushed certain individuals to early retirement. You then have marginally attached workers, those who are willing and able to work but not actively searching for work that contribute to labor shortage. These marginally attached workers may experience several factors as to why they do not actively search for employment. Two main factors that people often point to is childcare and schools and the increased Unemployment Insurance benefits they have received during the pandemic.

If you simply rely on anecdotal evidence, those reasons make sense. So much has been made of reopening schools and childcare facilities so that parents can get back to work that it's no surprise people believe this factor is preventing further economic recovery. What's interesting though is that

currently, the data does not show major differences in employment levels are driven by the presence of children. The table below compares the current deficit in employment by gender, education level, and the presence of children 12 or under. While there differences between those with children and those without, those differences are not major.

	Non-college graduates		College graduates	
Male	No kids	8%	No kids	0%
	Kids	5%	Kids	3%
Female	No kids	9%	No kids	0%
	Kids	11%	Kids	3%

The Unemployment Insurance (UI) factor is much more difficult to pinpoint at this time. Government officials have contended for months that these generous payments have provided an incentive for workers to stay on unemployment as opposed to rejoining the labor force. Again, anecdotally this makes sense but there are some mixed signals that suggest this may not be the case. For one, when you look at previous years with the same unemployment to job vacancy ratio, there have been historically low numbers of hires when compared to previous years. Also, and perhaps more importantly, low wage industries have made healthy job gains in recent months. If the UI payments were deterring individuals from returning to work, why would such health job gains be made in the industries with the lowest pay? Would they not be better served to collect UI payments and wait for something better? The questions are valid but rhetorical in nature. The fact is that there simply isn't enough data to determine if UI payments are a significant factor or not. With several states having ended or announced cut-off/changes to the extra benefits, we should be able to see any considerable changes in the coming months.

One final factor regarding the labor market that is certainly worth mentioning is the growing quit rate. The quit rate (the percentage of the labor force that voluntarily left their job) currently sits at 2.5%, the highest rate over the last 20 years. With so many jobs available and gaps in the workforce, employers are being forced to compete for workers. This has empowered many to move on and while increased wages are certainly a factor, it's not the only reason individuals are quitting. If the pandemic did anything, it gave people time to think about what they want and what makes them happy. There is evidence to suggest that non-wage amenities like teleworking and personal dreams/desires are driving the quit rate. With so many jobs available it is a good time to rethink careers.

To summarize on the labor market, we are in a solid place. June numbers show 850 thousand jobs added and there is certainly strong demand for labor, and we are experiencing wage growth. This worker-friendly environment is fueling quits as workers reevaluate their wants/needs. It is uncertain as to whether we should expect a full recovery as certain government incentives may be a factor in individuals returning to the workforce, so we are not out of the woods just yet. What we should continue to watch and be mindful of is how long it will take to make further headway in the labor market. The big test will come in the fall as any lingering childcare issues should fade away as schools reopen and the UI payments set to expire. However, if workers do not return employers may be forced to pay more as they hunt for workers ultimately driving up the cost of goods as they pass those added wage costs to the consumer. This would ultimately drive-up inflation and force the Fed to reevaluate their belief that this period of rising inflation is transitory in nature or a more pressing issue that requires policy changes. The coming months will be telling.

**Total Portfolio Shock Table**  
**Lou / Jeff Cty Metro Finance**  
Effective Interest - Actual Life  
Receipts in Period  
6/30/2021

<i><b>Data Category</b></i>	<i><b>Down 300</b></i>	<i><b>Down 200</b></i>	<i><b>Down 100</b></i>	<i><b>Current</b></i>	<i><b>Up 100</b></i>	<i><b>Up 200</b></i>	<i><b>Up 300</b></i>
Current Par	109,955,737.53	109,955,737.53	109,955,737.53	109,955,737.53	109,955,737.53	109,955,737.53	109,955,737.53
Amor. Cost	110,087,820.62	110,087,820.62	110,087,820.62	110,087,820.62	110,087,820.62	110,087,820.62	110,087,820.62
Market Value	109,889,924.18	109,979,752.18	110,069,580.18	110,159,408.18	110,249,236.18	110,339,064.18	110,428,892.18
% Change	-0.24 (0.08)	-0.16 (0.08)	-0.08 (0.08)	0.00 (0.08)	0.08 (0.08)	0.16 (0.08)	0.24 (0.08)
Market Price	99.94	100.02	100.1	100.19	100.27	100.35	100.43
Market Yield	0.664	0.6344	0.6049	0.5755	0.546	0.5166	0.4873
Gain / Loss	-197,896.44	-108,068.44	-18,240.44	71,587.56	161,415.56	251,243.56	341,071.56

The table above represents the interest rate risk of the investment portfolio of individual fixed incomesecurities. By adjusting current market rates and by using the matrix pricing technique, the portfolio wassubjected to an immediate interest rate shock of plus or minus 300 basis points. The results in weightedaverage total is presented above which details the projected market value, market price, total unrealizedgain (loss) and percentage market value change from the current interest rate environment.